# Money Laundering DA - ACP

This was a short disad that we read only once or twice. Also, the Bearden impact card is absolutely terrible and should never be read by anyone ever.

## 1NC

### Core

#### Anti-laundering measures are being developed but ACP is key to hindering their enforcement

CRUZ 9 [(Jennifer Anne Marie D. III-D) “THE ATTORNEY-CLIENT PRIVILEGE IN RELATION TO ANTI-MONEY LAUNDERING” No date – last date cited 2009

With the dominance of online banking and the proliferation of international crimes and other crimes that heavily affect not only the public’s safety but the State’s economic stability, the need for far reaching and stricter measures becomes more palpable and prevalent. The passing of the Anti-Money Laundering Act and the creation of the Anti-Money Laundering Council have given law enforcement more power to investigate scrupulous criminals who stand to benefit from the acts of their crime by meticulously planning to commit their crimes with impunity in order to avoid prosecution and reap the profits from such by clandestinely keeping the money in the guise of receiving such amounts as a result of a legal transaction. Through the Anti-Money Laundering Act, the State is not constrained to investigate and prosecute the crime only but also acts subsequent to the crimes that are a result of such. Due to the large amount involved which is believed to be used to fund other illicit activities worldwide, a coordinated and effective fight against money laundering must be a commitment of each member of the international community. Nevertheless, the efforts of the Anti-Money Laundering Council are thwarted and caught in a dead lock in cases wherein the attorney-client privilege is invoked during the examination of bank deposits and financial transactions.

#### Effective prosecution of money launderers in developed economies shifts economic crime to emerging markets which are more vulnerable and spill over globally

McDowell and Novis 1 [(John, Senior Policy Adviser, and Gary, Program Analyst, Bureau of International Narcotics and Law Enforcement Affairs) “THE CONSEQUENCES OF MONEY LAUNDERING AND FINANCIAL CRIME” Economic Perspectives An Electronic Journal of the U.S. Department of State Vol. 6, No. 2, May 2001] AT

Modern financial systems, in addition to facilitating legitimate commerce, also allow criminals to order the transfer of millions of dollars instantly using personal computers and satellite dishes. Because money laundering relies to some extent on existing financial systems and operations, the criminal’s choice of money laundering vehicles is limited only by his or her creativity. Money is laundered through currency exchange houses, stock brokerage houses, gold dealers, casinos, automobile dealerships, insurance companies, and trading companies. Private banking facilities, offshore banking, shell corporations, free trade zones, wire systems, and trade financing all can mask illegal activities. In doing so, criminals manipulate financial systems in the United States and abroad. Unchecked, money laundering can erode the integrity of a nation’s financial institutions. Due to the high integration of capital markets, money laundering can also adversely affect currencies and interest rates. Ultimately, laundered money flows into global financial systems, where it can undermine national economies and currencies. Money laundering is thus not only a law enforcement problem; it poses a serious national and international security threat as well. Money laundering is a problem not only in the world’s major financial markets and offshore centers, but also for emerging markets. Indeed, any country integrated into the international financial system is at risk. As emerging markets open their economies and financial sectors, they become increasingly viable targets for money laundering activity. Increased efforts by authorities in the major financial markets and in many offshore financial centers to combat this activity provide further incentive for launderers to shift activities to emerging markets. There is evidence, for example, of increasing cross-border cash shipments to markets with loose arrangements for detecting and recording the placement of cash in the financial system and of growing investment by organized crime groups in real estate and businesses in emerging markets. Unfortunately, the negative impacts of money laundering tend to be magnified in emerging markets. A closer examination of some of these negative impacts in both the micro- and macroeconomic realms helps explain why money laundering is such a complex threat, especially in emerging markets. THE ECONOMIC EFFECTS OF MONEY LAUNDERING Undermining the Legitimate Private Sector: One of the most serious microeconomic effects of money laundering is felt in the private sector. Money launderers often use front companies, which co-mingle the proceeds of illicit activity with legitimate funds, to hide the ill-gotten gains. In the United States, for example, organized crime has used pizza parlors to mask proceeds from heroin trafficking. These front companies have access to substantial illicit funds, allowing them to subsidize front company products and services at levels well below market rates. In some cases, front companies are able to offer products at prices below what it costs the manufacturer to produce. Thus, front companies have a competitive advantage over legitimate firms that draw capital funds from financial markets. This makes it difficult, if not impossible, for legitimate business to compete against front companies with subsidized funding, a situation that can result in the crowding out of private sector business by criminal organizations. Clearly, the management principles of these criminal enterprises are not consistent with traditional free market principles of legitimate business, which results in further negative macroeconomic effects. Undermining the Integrity of Financial Markets: Financial institutions that rely on the proceeds of crime have additional challenges in adequately managing their assets, liabilities, and operations. For example, large sums of laundered money may arrive at a financial institution but then disappear suddenly, without notice, through wire transfers in response to non-market factors, such as law enforcement operations. This can result in liquidity problems and runs on banks. Indeed, criminal activity has been associated with a number of bank failures around the globe, including the failure of the first Internet bank, the European Union Bank. Furthermore, some financial crises of the 1990s — such as the fraud, money laundering, and bribery scandal at BCCI and the 1995 collapse of Barings Bank as a risky derivatives scheme carried out by a trader at a subsidiary unit — had significant criminal or fraud components. Loss of Control of Economic Policy: Michel Camdessus, the former managing director of the International Money Fund, has estimated that the magnitude of money laundering is between 2 and 5 percent of world gross domestic product, or at least $600,000 million. In some emerging market countries, these illicit proceeds may dwarf government budgets, resulting in a loss of control of economic policy by governments. Indeed, in some cases, the sheer magnitude of the accumulated asset base of laundered proceeds can be used to corner markets — or even small economies. Money laundering can also adversely affect currencies and interest rates as launderers reinvest funds where their schemes are less likely to be detected, rather than where rates of return are higher. And money laundering can increase the threat of monetary instability due to the misallocation of resources from artificial distortions in asset and commodity prices. In short, money laundering and financial crime may result in inexplicable changes in money demand and increased volatility of international capital flows, interest, and exchange rates. The unpredictable nature of money laundering, coupled with the attendant loss of policy control, may make sound economic policy difficult to achieve. Economic Distortion and Instability: Money launderers are not interested in profit generation from their investments but rather in protecting their proceeds. Thus they “invest” their funds in activities that are not necessarily economically beneficial to the country where the funds are located. Furthermore, to the extent that money laundering and financial crime redirect funds from sound investments to low-quality investments that hide their proceeds, economic growth can suffer. In some countries, for example, entire industries, such as construction and hotels, have been financed not because of actual demand, but because of the short-term interests of money launderers. When these industries no longer suit the money launderers, they abandon them, causing a collapse of these sectors and immense damage to economies that could ill afford these losses.

#### Economic collapse causes extinction

Bearden 2000 [(Thomas, Lt. Col in US Army) “The Unnecessary Energy Crisis”, Free Republic, June 24, p. online wyo-tjc]

History bears out that desperate nations take desperate actions. Prior to the final economic collapse, the stress on nations will have increased the intensity and number of their conflicts, to the point where the arsenals of weapons of mass destruction (WMD) now possessed by some 25 nations, are almost certain to be released. As an example, suppose a starving North Korea launches nuclear weapons upon Japan and South Korea, including U.S. forces there, in a spasmodic suicidal response. Or suppose a desperate China-whose long-range nuclear missiles (some) can reach the United States-attacks Taiwan. In addition to immediate responses, the mutual treaties involved in such scenarios will quickly draw other nations into the conflict, escalating it significantly. Strategic nuclear studies have shown for decades that, under such extreme stress conditions, once a few nukes are launched, adversaries and potential adversaries are then compelled to launch on perception of preparations by one's adversary. The real legacy of the MAD concept is this side of the MAD coin that is almost never discussed. Without effective defense, the only chance a nation has to survive at all is to launch immediate full-bore pre-emptive strikes and try to take out its perceived foes as rapidly and massively as possible. As the studies showed, rapid escalation to full WMD exchange occurs. Today, a great percent of the WMD arsenals that will be unleashed, are already on site within the United States itself. The resulting great Armageddon will destroy civilization as we know it, and perhaps most of the biosphere, at least for many decades.

### Alt Impact Card – Harris and Burrows

#### Economic collapse causes competition for resources and instability that escalates and goes nuclear

Harris and Burrows 9 Mathew, PhD European History @ Cambridge, counselor in the National Intelligence Council (NIC) and Jennifer is a member of the NIC’s Long Range Analysis Unit “Revisiting the Future: Geopolitical Effects of the Financial Crisis” <http://www.ciaonet.org/journals/twq/v32i2/f_0016178_13952.pdf> Increased Potential for Global Conflict

Of course, the report encompasses more than economics and indeed believes the future is likely to be the result of a number of intersecting and interlocking forces. With so many possible permutations of outcomes, each with ample Revisiting the Future opportunity for unintended consequences, there is a growing sense of insecurity. Even so, history may be more instructive than ever. While we continue to believe that the Great Depression is not likely to be repeated, the lessons to be drawn from that period include the harmful effects on fledgling democracies and multiethnic societies (think Central Europe in 1920s and 1930s) and on the sustainability of multilateral institutions (think League of Nations in the same period). There is no reason to think that this would not be true in the twenty-first as much as in the twentieth century. For that reason, the ways in which the potential for greater conflict could grow would seem to be even more apt in a constantly volatile economic environment as they would be if change would be steadier. In surveying those risks, the report stressed the likelihood that terrorism and nonproliferation will remain priorities even as resource issues move up on the international agenda. Terrorism’s appeal will decline if economic growth continues in the Middle East and youth unemployment is reduced. For those terrorist groups that remain active in 2025, however, the diffusion of technologies and scientific knowledge will place some of the world’s most dangerous capabilities within their reach. Terrorist groups in 2025 will likely be a combination of descendants of long established groups\_inheriting organizational structures, command and control processes, and training procedures necessary to conduct sophisticated attacks\_and newly emergent collections of the angry and disenfranchised that become self-radicalized, particularly in the absence of economic outlets that would become narrower in an economic downturn. The most dangerous casualty of any economically-induced drawdown of U.S. military presence would almost certainly be the Middle East. Although Iran’s acquisition of nuclear weapons is not inevitable, worries about a nuclear-armed Iran could lead states in the region to develop new security arrangements with external powers, acquire additional weapons, and consider pursuing their own nuclear ambitions**.** It is not clear that the type of stable deterrent relationship that existed between the great powers for most of the Cold War would emerge naturally in the Middle East with a nuclear Iran. Episodes of low intensity conflict and terrorism taking place under a nuclear umbrella could lead to an unintended escalation and broader conflict if clear red lines between those states involved are not well established. The close proximity of potential nuclear rivals combined with underdeveloped surveillance capabilities and mobile dual-capable Iranian missile systems also will produce inherent difficulties in achieving reliable indications and warning of an impending nuclear attack. The lack of strategic depth in neighboring states like Israel, short warning and missile flight times, and uncertainty of Iranian intentions may place more focus on preemption rather than defense, potentially leading to escalating crises. 36 Types of conflict that the world continues to experience, such as over resources, could reemerge, particularly if protectionism grows and there is a resort to neo-mercantilist practices. Perceptions of renewed energy scarcity will drive countries to take actions to assure their future access to energy supplies. In the worst case, this could result in interstate conflicts if government leaders deem assured access to energy resources, for example, to be essential for maintaining domestic stability and the survival of their regime. Even actions short of war, however, will have important geopolitical implications. Maritime security concerns are providing a rationale for naval buildups and modernization efforts, such as China’s and India’s development of blue water naval capabilities. If the fiscal stimulus focus for these countries indeed turns inward, one of the most obvious funding targets may be military. Buildup of regional naval capabilities could lead to increased tensions, rivalries, and counterbalancing moves, but it also will create opportunities for multinational cooperation in protecting critical sea lanes. With water also becoming scarcer in Asia and the Middle East, cooperation to manage changing water resources is likely to be increasingly difficult both within and between states in a more dog-eat-dog world.

### Turns Heg

#### Economic slowdown causes fast decline – outweighs the aff

Khalilzad 11 [Zalmay Khalilzad, fromer US ambasadaor to Afghanistan, Iraq, and the UN, “The Economy and National Security”, National Review Online, February 8, 2011]

We face this domestic challenge while other major powers are experiencing rapid economic growth. Even though countries such as China, India, and Brazil have profound political, social, demographic, and economic problems, their economies are growing faster than ours, and this could alter the global distribution ofpower. These trends [which] could in the long term produce a multi-polar world. If U.S. policymakers fail to act and other powers continue to grow, it is not a question of whether but when a new international order will emerge. The closing of the gap between the United States and its rivals could intensify geopolitical competition[.] among major powers, increase incentives for local powers to play major powers against one another, and undercut our will to preclude or respond to international crises because of the higher risk of escalation. Thestakes are high. In modern history, the longest period of peace among the great powers has been the era of U.S. leadership. By contrast, multi-polar systems have been unstable, with their competitive dynamics resulting in frequent crises and major wars[.] among the great powers. Failures of multi-polar international systems produced both world wars.American retrenchment could have devastating consequences. Without an American security blanket, regional powers could rearm in an attempt to balance against emerging threats. Under this scenario, there would be a heightened possibility of arms races, miscalculation, or other crises spiraling into all-out conflict. Alternatively, in seeking to accommodate the stronger powers, weaker powers may shift their geopolitical posture away from the United States. Either way, hostile states would be emboldened to make aggressive moves in their regions. As rival powers rise, Asia in particular is likely to emerge as a zone of great-power competition. Beijing’s economic rise has enabled a dramatic military buildup focused on acquisitions of naval, cruise, and ballistic missiles, long-range stealth aircraft, and anti-satellite capabilities. China’s strategic modernization is aimed, ultimately, at denying the United States access to the seas around China. Even as cooperative economic ties in the region have grown, China’s expansive territorial claims — and provocative statements and actions following crises in Korea and incidents at sea — have roiled its relations with South Korea, Japan, India, and Southeast Asian states. Still, the United States is the most significant barrier facing Chinese hegemony and aggression.

### Turns Democracy

#### Economic growth leads to more democracy, while economic recession hurts democracy – the academic consensus is overwhelming, it’s just a question of long-term effects.

Barro 99 [Robert J. Barro. Paul M. Warburg Professor of Economics at Harvard University. “Determinants of democracy.” Journal of Political Economy Vol. 107, No. S6 (December 1999), pp. S158-S183. 1999] AJ

A panel study of over 100 countries from 1960 to 1995 finds that improvements in the standard of living predict increase in democracy, as measured by a subjective indicator of electoral rights. The propensity for democracy rises with per capita GDP, primary schooling, and a smaller gap between male and female primary attainment. For a given standard of living, democaracy tends to fall with urbnization and with a greater reliance on natrual resources. Democracy has little relation to country size but rises with the middle‐class share of income. The apparently strong relation of democracy to colonial heritage mostly disappears when the economic variables are held constant. Similarly, the allowance for these economic variables weakens the interplay between democracy and religious affiliation. However, negative effects from Muslim and non‐religious affiliations remain intact.

#### He continues:

Barro 99 [Robert J. Barro. Paul M. Warburg Professor of Economics at Harvard University. “Determinants of democracy.” Journal of Political Economy Vol. 107, No. S6 (December 1999), pp. S158-S183. 1999] AJ

Inspection of the cross-country data suggests that countries at low levels of economic development typically do not sustain democracy. For example, the political freedoms installed in most of the newly independent African states in the early 1960s did not tend to last. Conversely, nondemocratic places that experience substantial economic development tend to become more dramatic. Examples include Chile, South Korea, Taiwan, Spain, and Portugal. Moreover, the countries of central and eastern Europe—which have been reasonably advanced economically for some time, especially in terms of education—eventually became more democratic.

### Turns Crime

#### Econ turns crime

Doyle 99 [(et al, Joanne M. Doyle, James Madison University Associate Professor of Economics Program; Ehsan Ahmed professor and the head of the Economics Department in the College of Business at James Madison University; and Robert N. Horn, Professor of Economics at James Madison University) “The Effects of Labor Markets and Income Inequality on Crime: Evidence from Panel Data” Southern Economic Journal Vol. 65, No. 4 (Apr., 1999), pp. 717-738] AT

We estimate a model of property crime using a panel data set of the U.S. over the years 1984-1993. We focus on property crime under the assumption that property crime is more likely motivated by ﬁnancial gain and thus the beneﬁts and costs of property crime are more likely to be captured with economic variables than are the beneﬁts and costs of violent crime. For the purpose of comparison, we also present results from estimating the model for violent crime. The use of aggregate data, whether at the country, state, city, or police jurisdiction level, has been criticized since the model at hand is one of individual behavior. In spite of this criticism, such data have nevertheless been used in circumstances where individual data are not available. Given our focus on labor markets, income distribution, and demographics, we believe that aggregate data are well suited for our study since we can use a rich set of variables such as average market wages, sector-speciﬁc wages, unemployment rates, and income inequality measures. Furthermore, variables such as income inequality are not readily available at aggregation levels lower than the state level. Using panel data instead of a simple time series or cross-section allows us to control for unobserved heterogeneity across states, which greatly reduces the likelihood of an omitted variable bias. We ﬁnd econometric evidence that partly supports Freeman’s arguments. In particular, we ﬁnd, not surprisingly, that the proportion of young males in the population has a signiﬁcant positive effect on property crime yet a signiﬁcant negative effect on violent crime. More importantly, we ﬁnd strong evidence that favorable labor market conditions have signiﬁcant negative effects on both property crime and violent crime. We measure labor market conditions using an expected wage that takes into account wages, unemployment compensation, and the unemployment rate. We further analyze labor market conditions by replacing the expected wage with a vector of sector-speciﬁc average wages. We ﬁnd that property crime is most responsive to wages in low-skilled sectors. Surprisingly, we ﬁnd that, contrary to popular belief, income inequality has no independent effect on crime rates.

## 1NC Case Turn Version

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#### Enforcement of money laundering laws shifts economic crime to emerging markets which are more vulnerable and spill over globally

McDowell and Novis 1 [(John, Senior Policy Adviser, and Gary, Program Analyst, Bureau of International Narcotics and Law Enforcement Affairs) “THE CONSEQUENCES OF MONEY LAUNDERING AND FINANCIAL CRIME” Economic Perspectives An Electronic Journal of the U.S. Department of State Vol. 6, No. 2, May 2001] AT

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In some countries, for example, entire industries, such as construction and hotels, have been financed not because of actual demand, but because of the short-term interests of money launderers. When these industries no longer suit the money launderers, they abandon them, causing a collapse of these sectors and immense damage to economies that could ill afford these losses.

#### Law enforcement also forces sudden withdrawal of money, causing massive bank failures and economic crashes

McDowell and Novis 1 [(John, Senior Policy Adviser, and Gary, Program Analyst, Bureau of International Narcotics and Law Enforcement Affairs) “THE CONSEQUENCES OF MONEY LAUNDERING AND FINANCIAL CRIME” Economic Perspectives An Electronic Journal of the U.S. Department of State Vol. 6, No. 2, May 2001] AT

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